

ENVIRONMENTAL ASSESSMENT

PHARMA PAC EQUIPMENT LOAN KEMPER COUNTY, MISSISSIPPI

TENNESSEE VALLEY AUTHORITY JUNE 2008

Proposed Action

The Tennessee Valley Authority (TVA) proposes to make a loan to the Kemper County Economic Development Authority (EDA) to purchase equipment for Pharma Pac, LLC, a company located within the John C. Stennis Industrial Park in Kemper County, Mississippi. (See the location maps in Appendix 1.) The proposed equipment to be purchased with the loan includes two new tube fillers, a label applicator, and a label printer. The EDA would own the equipment and lease it to Pharma Pac.

Purpose and Need

The purchase of the equipment would assist the company in expanding its existing pharmaceutical manufacturing and packaging operations to include generic prescription pharmaceutical products. These would be sold by retailers such as CVS, Eckerd, Rite-Aid, and Wal-Mart. The equipment purchase would allow Pharma Pac to increase employment by 70 jobs to a total of 200 employees by 2010.

Background

Pharma Pac has been in business since 2003 and manufactures and packages pharmaceutical products such as analgesics, anti-inflammatories, cough and cold remedies, sunscreens, and wound care products. These include liquid, cream, and semi-solid, over-the-counter and prescription topical pharmaceutical products and liquid and suspension prescription products taken by mouth. The company also offers custom designed unit-dose packaging for tablets and capsules. Pharma Pac is registered with the Food and Drug Administration and Drug Enforcement Administration for their products.

Pharma Pac occupies two buildings in the industrial park leased from EDA. Manufacturing and packaging are done in a 30,000 square-foot building which is about 22-years-old. There is also a newer 67,000-square-foot warehouse and corporate office facility. A sister company, Pro Derma, which makes cosmetics, shares this warehouse space.

Pharma Pac has a number of processes. For manufacturing the liquid, cream, and semi-solid products, Pharma Pac has six packaging lines consisting of bottle and tube filling equipment, capping, labeling, cartoning, coding, shrink-wrapping, and packing equipment. A range of vessels ranging from 50-gallon to 1000-gallon capacity and multiple manufacturing/compounding suites allows for flexibility in scaling batch sizes to suit customer needs. For the tablets and capsules, Pharma Pac currently operates two blister packaging lines with full downstream cartoning and packaging capabilities. The company operates a complete analytical laboratory for microbiological and wet and dry chemical testing of raw materials and finished products.

The new equipment would be used in a new 30,000-square-foot building being built next to the existing 30,000-square-foot building and connected by walkways. The EDA has been planning this expansion since 2005 and expects to complete it this year. The location of the existing building and site for the expansion are shown in Appendix 2. Partial funding for the expansion was provided in 2005 from several agencies including the Appalachian Regional Commission (ARC), U.S. Department of Commerce Economic Development Administration, and U.S. Department of Agriculture Rural Development.

In 2006, TVA provided financial assistance to help Kemper County purchase replacement heating, ventilating, and air conditioning (HVAC) equipment for the existing 30,000-square-foot building. TVA examined the impacts of providing the HVAC equipment and categorically excluded this action as documented in Categorical Exclusion Checklist 14142.

Alternatives and Comparison

There are two feasible alternatives; i.e., the Action Alternative and the No Action Alternative. Under the Action Alternative, TVA would make the loan to Kemper County EDA for the purchase of the equipment. Under the No Action Alternative, TVA would not make the loan to Kemper County EDA. In this event, Kemper County EDA would either seek alternative funding, or Pharma Pac would continue its current operation and forego the expansion. If the county obtained alternative funding, overall environmental consequences under either alternative would be similar. If the company continued operations at the current level, there would be no change in the environmental impacts of company operation, and the economic benefits, including the creation of 70 local jobs, of the expanded operation to Kemper County would not occur. Regardless of the source of funding for the manufacturing equipment, the expansion would most likely result in minor solid waste and traffic impacts.

Affected Environment and Evaluation of Impacts

The proposed action would result in the purchase, installation, and operation of new manufacturing equipment in a building already under construction in an existing industrial park. There would be little impact to terrestrial ecology because the area is already heavily disturbed. The proposed action would not affect endangered and threatened species or wetlands and would have no potential to affect cultural resources. As shown in the Flood Insurance Rate Map (Appendix 3), the Pharma Pac facility does not lie in a 100-year floodplain.

Because the existing operation results in no air emissions or industrial wastewater effluents and generates no hazardous waste, nor would the expanded operation, the expanded operation would likely have little, if any, additional impacts to air and water quality. Pharma Pac is connected to city water and sewer, and the manager of the water and wastewater systems has confirmed that it can handle water demand and wastewater from the expansion. Overall, wastes generated as part of the expanded operation would be similar to those wastes currently generated by Pharma Pac and disposed of by a licensed waste management company in a permitted landfill. The wastes produced include primarily packaging materials and office waste. Because the facility is located within an existing industrial park on a main highway with adequate capacity, traffic impacts from the additional employees and several tractor-trailer trucks per week would be insignificant.

Cumulative Impacts

Due to the small size of the expanded operation and lack of adverse direct and indirect environmental impacts, TVA has concluded that the incremental effect of this project, when added to other past, present and reasonably foreseeable future actions (particularly the current production at the existing facility), would have insignificant cumulative impacts.

Mitigation Measures

TVA has not identified the need for mitigation measures to further reduce the potential impacts of its proposed action.

Preferred Alternative

TVA's preferred alternative is the Action Alternative.

TVA Preparers

This EA was prepared by Bill L. Zotto, Project Control Specialist, Economic Development, and Peter K. Scheffler, Senior NEPA Specialist, NEPA Resources.

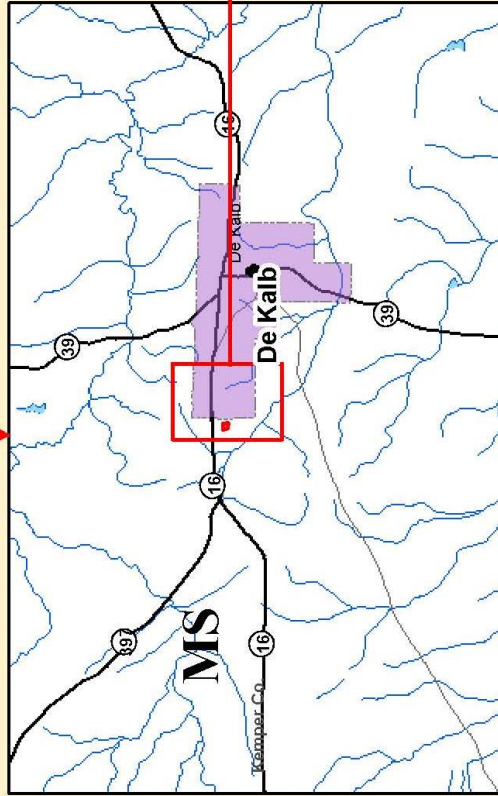
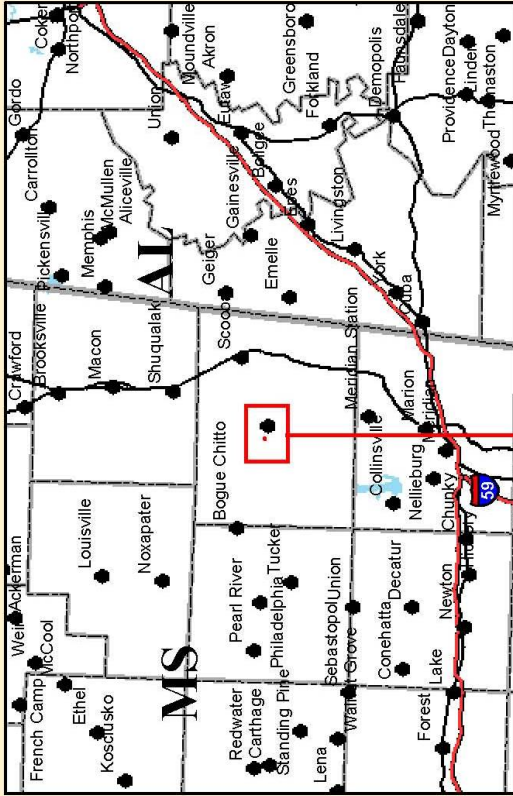
Agencies/persons consulted:

Brian Henson, Kemper County Board of Supervisors

Appendices:

Location maps, aerial photo map, topo map, and Flood Insurance Rate Map

Appendix 1



Location Map
Kemper County EDA - Pharma Pac
SOC Loan
110 Stennis Industrial Road
DeKalb, Kemper County, Mississippi

Created in ArcGIS 9 using Aerialmap

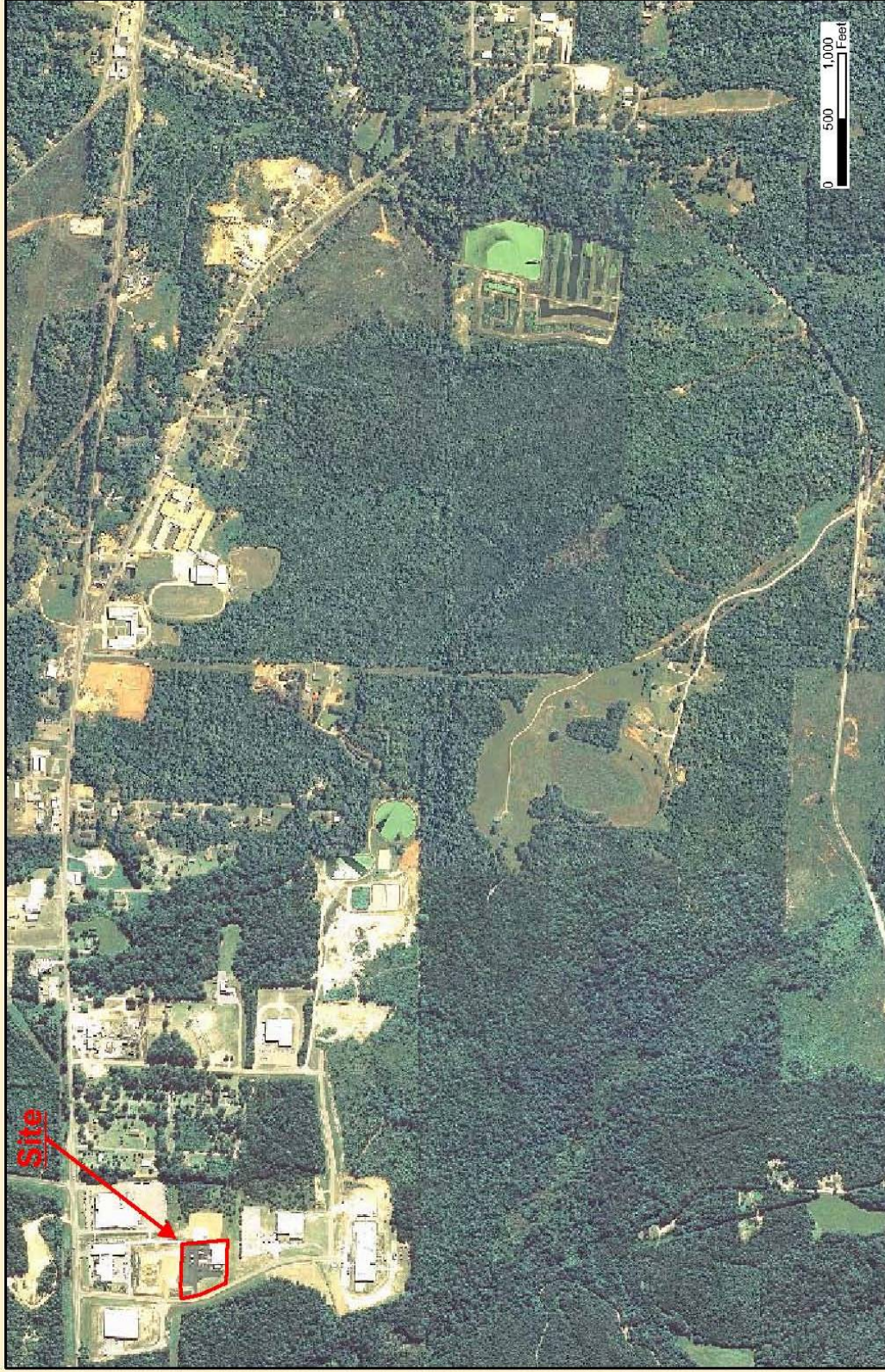


Prepared June 2008 by:



Economic Development
Technical Services

Appendix 2



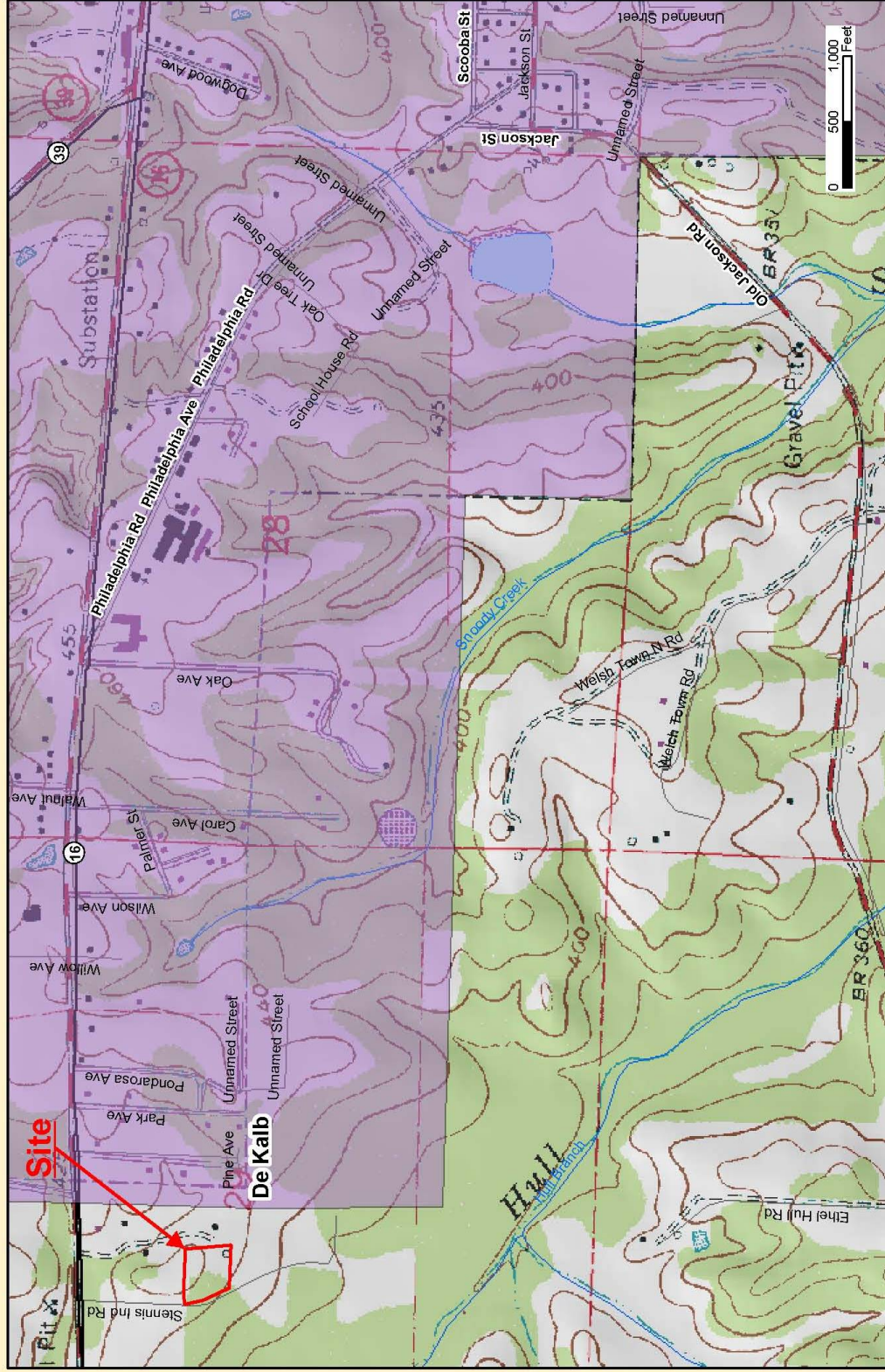
**Aerial Photo Map
Kemper County EDA - Pharma Pac
SOC Loan
DeKalb, Kemper County, Mississippi**

Created in ArcGIS 9 using AerialMap



Prepared June 2008 by:

TVA Economic Development
Technical Services



Topo Map
Kemper County EDA - Pharma Pac
SOC Loan
DeKalb, Kemper County, Mississippi

Created in ArcGIS 9 using ArcMap

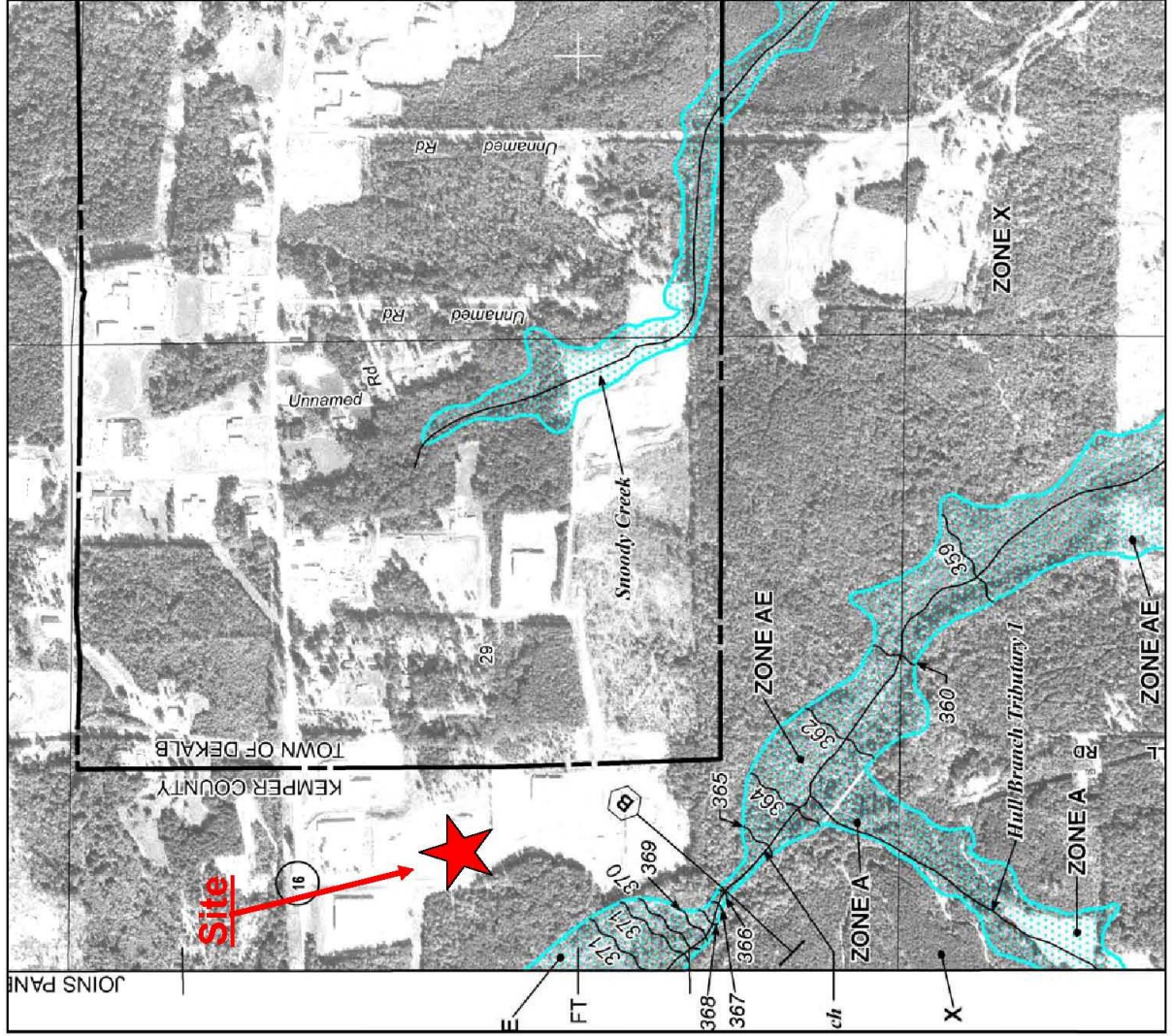


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Appendix 3



JOINS PANEL

MAP SCALE 1" = 1000'

500 0 500 1,000 1,500 2,000 FEET

500 0 500 1,000 1,500 2,000 METERS

PANEL 0220B

FIRM

FLOOD INSURANCE RATE MAP

KEMPER COUNTY,

MISSISSIPPI

AND INCORPORATED AREAS

PANEL 220 OF 575

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
DEKALB TOWN OF	280247	0220	B
KEMPER COUNTY	280248	0220	B

Notice to User: The Map Number shown below should be used when extracting data from the map. This map does not reflect changes in the flood insurance rate map which may have occurred since the date of the map. For the latest information on the National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.nsc.fema.gov

MAP NUMBER
28069C0220B

EFFECTIVE DATE
SEPTEMBER 5, 2007

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using FIRM On-Line. This map does not reflect changes in the flood insurance rate map which may have occurred since the date of the map. For the latest information on the National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.nsc.fema.gov